

FILED
05-23-2023
CIRCUIT COURT
DANE COUNTY, WI
2023CV001310
Honorable Stephen E
Ehlke
Branch 15

STATE OF WISCONSIN : CIRCUIT COURT : DANE COUNTY

In the Matter of the Rehabilitation of:

Wisconsin Reinsurance Corporation and 1st Auto &
Casualty Insurance Company
c/o: Office of the Commissioner of Insurance
125 South Webster Street
Madison, WI 53703

Case No.

Case Code: 30703

ORDER FOR REHABILITATION

Based on the Verified Petition of Nathan Houdek, the Commissioner of Insurance for the State of Wisconsin (the “Commissioner” or the “Rehabilitator”) for the rehabilitation of Wisconsin Reinsurance Corporation (“WRC”) and 1st Auto & Casualty Insurance Company (“1st Auto”), the provisions of Wis. Stat. §§ 645.31 to 645.35, and all other applicable laws, and having found that sufficient grounds and good cause exist for the relief requested by the Commissioner,

NOW, THEREFORE, IT IS HEREBY ORDERED AND DECREED that:

1. The Verified Petition of the Commissioner is granted.
2. WRC and 1st Auto are hereby placed in rehabilitation, pursuant to Wis. Stat. § 645.32.

This Court shall be the Rehabilitation Court for all matters relating to WRC and 1st Auto.

3. The Commissioner and his successors in office are hereby appointed Rehabilitator of WRC and 1st Auto. The recording of this Order with any register of deeds in the state

- imparts the same notice as a deed, bill of sale, or other evidence of title recorded with the register of deeds.
4. The Rehabilitator shall have the full powers and authority granted pursuant to Wis. Stat. §§ 645.33 to 645.35 to reform and revitalize WRC and 1st Auto, and all other applicable laws, as are reasonable and necessary to fulfill his duties and responsibilities under this Order.
 5. The Rehabilitator shall appoint Justin Schrader, of Noble Consulting Services, Inc., as Special Deputy Commissioner for the purposes of carrying out the rehabilitation, and Mr. Schrader shall have all of the powers of the Rehabilitator under Wis. Stat. §§ 645.33 to 645.35, and all other applicable laws, as are reasonable and necessary to fulfill his duties and responsibilities under this Order. The Special Deputy Commissioner may appoint one or more Assistant Special Deputy Commissioners to perform such duties as shall be assigned to or required of them, from time to time, by the Rehabilitator, the Special Deputy Commissioner, or by this Court. Pursuant to Wis. Stat. § 645.08(1), the Rehabilitator and Special Deputy Commissioner shall serve without bond.
 6. The Court hereby directs the Rehabilitator to file a Rehabilitation Plan with this Court within 45 days. The Rehabilitator is authorized to take such actions as are reasonably necessary to finalize the plan and to bring it before the Court in completed form for approval and implementation in accordance with Wis. Stat. § 645.33(5).
 7. Pursuant to Wis. Stat. § 645.33(2), the Rehabilitator shall take possession of the assets of WRC and 1st Auto and shall proceed in accordance with the Rehabilitation Plan to be approved by the Court. In connection with managing the affairs of WRC

- and 1st Auto in accordance with the Plan, the Rehabilitator and Special Deputy Commissioner are hereby authorized to work with representatives of WRC and 1st Auto and to redelegate the authority and right to operate WRC and 1st Auto, in whole or in part, during the pendency of these rehabilitation proceedings to WRC's or 1st Auto's officers, directors, managers, and employees, or to delegate the same in whole or in part to other qualified individuals or entities, and to rescind such delegation at any time at their discretion.
8. The Commissioner and/or the Special Deputy Commissioner are hereby authorized to negotiate and conclude a contract providing for reasonable compensation and expenses for legal counsel provided by Godfrey Kahn, S.C. to represent the Rehabilitator in these proceedings and any other matter arising out of the rehabilitation of WRC and 1st Auto and to make current payments for services.
9. The Commissioner and/or the Special Deputy Commissioner are hereby authorized to negotiate and conclude contracts providing for reasonable compensation and expenses for such experts and contractors as are deemed necessary to effectuate the rehabilitation of WRC and 1st Auto. Any such contracts shall be filed for review by this Court. The cost for these services and services under paragraph 8 shall be priority administrative expenses and handled consistent with the Rehabilitation Plan to be approved by the Court.
10. The Rehabilitator's employees (past and present), the Special Deputy Rehabilitator, Godfrey & Kahn, S.C., officers and employees of WRC and 1st Auto (past and present) acting under the direction of the Rehabilitator, and any other professionals who the Rehabilitator employs or retains as independent contractors to assist in the

rehabilitation process, and the other professional's employees (past and present) shall have official immunity and shall be immune from suit and liability, both personally and in their official capacities, for any claims for damage to or loss of property or personal injury or other civil liability caused by or resulting from any alleged act, error, or omission arising out of or by reason of their duties or employment with respect to the rehabilitation of WRC and 1st Auto; provided that nothing in the Court's Order shall be construed to immunize the Rehabilitator or any other person or entity identified in this paragraph from suit or liability for any damage, loss, or injury caused by their intentional misconduct. If any legal action is commenced against any person or entity identified in this paragraph, whether against that person or entity personally or in an official capacity, alleging property damage, property loss, personal injury or other civil liability caused by or resulting from any alleged act, error, or omission arising out of or by reason of their duties or employment in connection with this rehabilitation, that person or entity shall be indemnified from the assets of WRC and 1st Auto for all expenses, attorney's fees, judgments, settlements, decrees, or amounts due, owing, or paid in satisfaction of or incurred in the defense of such legal action, unless it is determined upon a final adjudication on the merits that the alleged act, error, or omission did not arise out of or by reason of the person's or entity's duties or employment for the rehabilitation of WRC and 1st Auto, or was caused by intentional misconduct. Any indemnification for expense payments, judgments, settlements, decrees, attorney's fees, surety bond premiums, or other amounts paid or to be paid from the assets of WRC and 1st Auto pursuant to this paragraph shall be priority administrative expenses.

11. All persons and entities are enjoined and restrained from commencing or prosecuting any actions, claims, lawsuits, administrative or other proceedings against WRC and 1st Auto, the Commissioner as Rehabilitator of WRC and 1st Auto, and the Special Deputy Commissioner and his Assistants, except as set forth in paragraph 13 below.
12. All persons and entities are enjoined and restrained from obtaining preferences, judgments, attachments, or other liens or making any levy against WRC's or 1st Auto's assets or any part thereof.
13. All parties to actions, lawsuits, administrative orders or other proceedings in which WRC and 1st Auto are or are alleged to be obligated to defend a party pursuant to an insurance policy, bond, contract, or otherwise, or in which WRC or 1st Auto are named a party, pursuant to Wis. Stat. § 803.04(2), are enjoined and restrained from commencing or prosecuting those actions, lawsuits, and proceedings for a period of 180 days from the date of entry of this Order.
14. Pursuant to Wis. Stat. § 645.07 and this Order, any person or entity violating the terms of this Order shall be subject to the sanctions contained in Wis. Stat. § 601.64.
15. This Order shall not be deemed an order of liquidation for purposes of Wis. Stat. § 646.31, which would activate the provisions of the Wisconsin Insurance Security Fund, Wis. Stat. chapter 646, or the provisions of similar acts of any other state.
16. The Rehabilitator and/or the Special Deputy Commissioner may, at any time, petition this Court for such other or further relief as they deem appropriate.
17. Exclusive jurisdiction over WRC and 1st Auto shall remain with this Court in all matters relating to this rehabilitation.

Prepared by:

GODFREY & KAHN, S.C.
One East Main Street, Suite 500
P. O. Box 2719
Madison, WI 53701-2719
Tel: (608) 257-3911
Attorneys for the Commissioner of Insurance

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PROPOSED